

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 AGRE-00 CEA-01 CIAE-00 COME-00
DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01
DOE-15 IO-13 DLOS-09 HA-05 MCE-00 /142 W
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FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 6158

INFO AMEMBASSY SANTIAGO

C O N F I D E N T I A L SECTION 1 OF 2 BUENOS AIRES 4652

E.O. 11652 GDS

TAGS PBOR, PEPR, AR, CI

SUBJECT ARGENTINE CONCERN OVER BEAGLE CHANNEL CONFLICT

REF: A SANTIAGO 4487, B SANTIAGO 4530

SUMMARY: CONCERN THAT THE BEAGLE CHANNEL NEGOTIATIONS ARE NOT PROGRESSING TOWARDS A SOLUTION IN THE CHILEAN-ARGENTINE BORDER CONFLICT IS GROWING, AND IS LEADING ARGENTINA TO SEEK NEW TACTICS TO PUSH THE TALKS ALONG. PRESSURE IN THE FORM OF POLICE SUVEILLANCE OF CHILEAN MIGRANTS, OBSTACLES TO ARGENTINE-CHILEAN TRADE, MILITARY CONTINGENCY PLANNING AND HARSHER STATEMENTS BY ARGENTINE OFFICIALS IS UNDERWAY AND MAY BE INCREASED AS GOA OFFICIALS TRY TO FORCE CHILE INTO TAKING A MORE FLEXIBLE POSITION ON THE ISSUE. GOA LEADERS HAVE DOMESTIC POLITICAL REASONS TO FEAR EITHER A STERILE PROLONGATION OR A TOTAL BREAK DOWN IN THE TALKS, LEAVING THAT SORE ISSUE AS AMMUNITION FOR POLITICAL RIVALS TO ATTACK THE GOVERNMENT. END SUMMARY.

1. CONCERN THAT THE BEAGLE CHANNEL NEGOTIATIONS ARE
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NOT PROGRESSING HAS PROMPTED CONSIDERABLE PRESS COMMENT AND SPECULATION THAT GOA IS CONSIDERING OTHER TACTICS TO PRESS FOR A SOLUTION OF THE ARGENTINE-CHILEAN BORDER CONFLICT. SEVERAL RECENT INCIDENTS HAVE SPOTLIGHTED THE CONFLICT:

A) ARGENTINA ON JUNE 13 REJECTED (BY RETURNING UNANSWERED) A NOTE FROM THE CHILEAN FOREIGN MINISTRY

REQUESTING THAT THE PRESENT NEGOTIATIONS BE EXPANDED TO INCLUDE THE EASTERN MOUTH OF THE MAGELLAN STRAITS. IN DOING SO, ARGENTINA REAFFIRMED ITS SOVEREIGNTY EAST OF A LINE RUNNING FROM CAPE DUNGENESS TO CAPE ESPIRITO SANTO. THE BUENOS AIRES PRESS HAS SPECULATED THAT GOC INTRODUCED THE MAGELLAN ISSUE ONLY FURTHER TO COMPLICATE THE NEGOTIATIONS OR TO PROVIDE AN EXCUSE TO CALL THEM OFF.

B) A STIR WAS CAUSED WHEN CHILE DECLARED "ABSOLUTELY UNACCEPTABLE" RECENT REMARKS ATTRIBUTED TO ARGENTINE DEFENSE MINISTER KLIX THAT ARGENTINA WOULD USE "WHATEVER MEANS NECESSARY" TO RECOVER AREAS BELONGING TO ARGENTINA. KLIX'S PREPARED SPEECH, MADE AT A CELEBRATION TO REAFFIRM THE ARGENTINE CLAIM TO THE MALVINAS ISLANDS HELD IN COMMODORO RIVADAVIA ON JUNE 10, DID NOT REFER SPECIFICALLY TO THE BEAGLE CHANNEL ISLANDS. HOWEVER, LA OPINION REPORTED JUNE 11 THAT PRIOR TO THE CEREMONY, KLIX COMMENTED TO JOURNALISTS THAT THE EVENT OF SOVEREIGNTY REAFFIRMATION ALSO INCLUDED THE BEAGLE CHANNEL AND THE LENNOX, PICTON AND NUEVA ISLANDS, AND THAT LATER IN HIS EXTEMPORANEOUS REMARKS HE DECLARED THAT ARGENTINA WOULD TAKE WHATEVER ACTIONS NECESSARY TO RECOVER ITS LOST TERRITORY.

C) THE CHILEAN-ARGENTINE CHAMBER OF COMMERCE HAS RECENTLY CHARGED THAT ARGENTINA IS PLACING OBSTACLES
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IN THE WAY OF BILATERAL TRADE. IN A NOTE OF PLANNING AND ECONOMIC COORDINATION SECRETARY WALTER KLEIN, THAT CHAMBER CLAIMS THAT ARGENTINA IS HOLDING UP EXPORTS TO CHILE OF ARGENTINE-MADE MOTOR VEHICLE PARTS, THAT THE IMPORT OF CHILEAN TIMBER HAS BEEN HURT BY A RECENT DECISION TO PERMIT ENTRY ONLY THROUGH FOUR PORTS, AND THAT THE MENDOZA CUSTOMS HAS NOW STOPPED CLEARING THROUGH TO CHILE SHIPMENTS OF BENTONITE, FLOURITE, AND KAOLIN, ALLEGEDLY ON INSTRUCTION FROM THE NATIONAL CUSTOMS ADMINISTRATION. THE CHAMBER CITES RECENTLY PASSED LAW NO. 21.775, WHICH EMPOWERS THE EXECUTIVE TO RESTRICT EXPORTS OF "CRITICAL OR STRATEGIC MATERIAL".

2. DESPITE RECENT OPTIMISTIC STATEMENTS ON THE PART OF FOREIGN MINISTER MONTES AND THE CHIEF OF THE ARGENTINE NEGOTIATING DELEGATION, GEN. BONEO ECHEVERRY, THAT THE TALKS ARE GOING WELL, A VARIETY OF OTHER SOURCES HAVE DECLARED THAT THE TALKS ARE GOING BADLY AND THAT ARGENTINA IS PREPARING CONTINGENCY PLANS SHOULD THE TALKS STAGNATE OR BREAK DOWN. THE CHILEAN AMBASSADOR RECENTLY CONFIDED

TO AMBASSADOR CASTRO THAT THE NEGOTIATIONS WERE NOT GOING WELL AND CLAIMED THAT ARGENTINA IS APPLYING COMMERCIAL PRESSURE ON CHILE. CHILEAN OFFICIALS HAVE PRIVATELY INFORMED US DIPLOMATS THAT IF A REASONABLE SETTLEMENT CANNOT BE WORKED OUT CHILE MAY REFER THE CASE TO THE INTERNATIONAL COURT OF JUSTICE. (GOA HAS PREVIOUSLY REJECTED THE PROPOSITION THAT THE MATTER BE RESUBMITTED TO ANOTHER ARBITRATION BOARD.)

3. CONFIDENTIAL MILITARY SOURCES HAVE TOLD EMBASSY OFFICIALS THAT ARGENTINA HAD RECENTLY STOPPED SUPPLYING AMMUNITION, PARTS AND SERVICES TO ALL THE CHILEAN MILITARY SERVICES. (SEE DAO IR 6 804
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0311 78.) THE FREEZE WAS INITIATED BECAUSE GOA DETERMINED IT WAS NOT IN THE NATINAL INTEREST TO SUPPORT THE MILITARY CAPABILITY OF THE CHILEANS AND TO PRESSURE THE CHILEANS TO COME TO AN AGREE-
MENT ON THE BEAGLE CHANNEL DISPUTE.

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C O N F I D E N T I A L SECTION 2 OF 2 BUENOS AIRES 4652

4. A BUILD-UP OF ARGENTINE MUNITIONS AND SUPPORT
CAPABILITY IS ALSO PLANNED, ACCORDING TO MILITARY

SOURCES. THE ARGENTINE AIR FORCE IS REPORTEDLY CONSIDERING DEVELOPING A RESERVE COMPONENT OF TRANSPORT AND COMBAT PILOTS WHICH COULD SUPPLEMENT THE ACTIVE DUTY PILOTS IN CASE OF A NATIONAL EMERGENCY. THE ARMY HAS REPORTEDLY ADVISED RETIRED PERSONNEL OF A POSSIBLE RECALL OR MOBILIZATION IN THE NOT TOO DISTANT FUTURE.. A MAJOR PURCHASING CAMPAIGN IS REPORTEDLY UNDERWAY IN EUROPE TO OBTAIN ADDITIONAL TANK MUNITIONS, OTHER AMMUNITION AND WEAPONS. THESE MILITARY SOURCES DENY THAT GOA IS PLANNING A MILITARY ENGAGEMENT AGAINST CHILE, BUT CLAIM THEY MUST BE PREPARED IN CASE CHILE RESORTS TO MILITARY FORCE TO RESOLVE THE BEAGLE CONFLICT. (COMMENT: EMBASSY MILITARY ANALYSTS BELIEVE THAT THESE ACTIONS, MOST OF WHICH HAVE LONG LEAD TIMES, DO NOT NECESSARILY INDICATE GOA IS PLANING FOR A WAR WITH CHILE. THE LOOSENESS WITH WHICH THE INFORMATION IS PROVIDED SUGGESTS RATHER THAT GOA IS IN PART POSTURING IN ORDER TO PUT FURTHER PRESSURE ON CHILE TO REACH A SOLUTION.)

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5. PRESSURE IS APPARAENTLY ALSO BEING APPLIED TO CHILEAN MIGRANT WORKERS AND RESIDENTS ON THE BORDER. IDENTIFICATION CHECKS AND DEPORTATION OF ILLEGAL CHILEAN ALIENS HAS BEEN UNDERWAY FOR SOME TIME. CONCERN ABOUT TENSION ON THE BORDER WAS UNDERSCORED BY A RECENT AGREEMENT SIGNED BETWEEN ARGENTINE AND CHILEAN MILITARY OFFICIALS IN SANTIAGO. THE AGREEMENT ESTABLISHED A SYSTEM OF IMMEDIATE CONSULTATIONS AND NEGOTIATIONS IN CASE ANY MILITARY OR POLICE INCIDENT TAKES PLACE ON THE BORDER.

6. COMMENT: GOA APPEARS SERIOUSLY CONCERNED ABOUT THE BEAGLE CHANNEL TALKS AND IS BOTH APPLYING COMMERICAL PRESSURE AND MILITARY SABRE-RATTLING (AND READINESS) TO FORCE THE CHILEANS INTO TAKING A MORE FLEXIBLE POSITION. PART OF THE EFFORT ALSO INVOLVES CLOSE CONSULTATION AND COOPERATION WITH CHILE'S NEIGHBORS PERU AND BOLIVIA, WITH WHOM ARGENTINA HAS ASSIDUOUSLY IMPROVED RELATIONS. THE BEAGLE DISPUTE CAUSED DISCOMFORT AND EMBARRASSMENT FOR THE ARGENTINE GOVERNMENT UNTIL THE PUERTO MONTT ACCORD ALLAYED THE ISSUE. PRESIDENT VIDELA, THE SIGNER AT PUERTO MONTT AND SOON TO BECOME ARGENTINA'S CIVILIAN PRESIDENT, IS SURE TO WANT AS QUICK AND PAINLESS A RESOLUTION AS POSSIBLE, TO AVOID

GIVING HIS DETRACTORS AN ISSUE.
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